

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRASIL 08271 01 OF 02 251220Z

44

ACTION AGR-08

INFO OCT-01 ARA-06 IO-13 ISO-00 AGRE-00 SSO-00 NSCE-00

USIE-00 INRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-07

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01 TRSE-00

PRS-01 SP-02 OMB-01 /096 W
----- 001311

O R 251125Z SEP 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 7988

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 BRASILIA 8271

E. O. 11652: N/A

TAGS: ETRD; EDAP; BR

SUBJECT: GOB NEGATIVE DECISION ON US FRUIT EXPORTS TO BRAZIL

REFS: A. BRASILIA 8072 NOTAL; B. BRASILIA 7930 NOTAL

1. SUMMARY. FOREIGN MINISTRY INFORMED EMBASSY ON SEPTEMBER 24 THAT OUR PROPOSAL FOR QUOTAS FOR US FRUIT EXPORTS HAD BEEN DENIED AFTER A CAREFUL INTER-MINISTERIAL REVIEW. IN ADDITION TO THE BALANCE OF PAYMENTS AND BILATERAL TRADE-DEFICIT ARGUMENTS, GOB IS CONCERNED OVER PRECEDENT OF GRANTING EXEMPTION FROM IMPORT PROHIBITION OF SUPERFLUOUS GOODS TO TRADE SURPLUS COUNTRY. BECAUSE OF HIGH LEVEL REPRESENTATIONS MADE ON SUBJECT AND POSSIBILITY OF POSITIVE FINDING OF DISCRIMINATION UNDER ARTICLE 13, EMBASSY RECOMMENDS THAT MATTER BE TAKEN UP IN GATT. END SUMMARY.

2. FOREIGN MINISTRY SECRETARY GENERAL GUERREIRO TELEPHONED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 08271 01 OF 02 251220Z

AMBASSADOR ON SEPTEMBER 24 TO INFORM HIM OF THE

GOB'S DECISION ON USG'S PROPOSALS FOR FRUIT EXPORTS TO BRAZIL. GUERREIRO SAID THE INTER-MINISTERIAL WORKING GROUP WHICH HAD BEEN FORMED TO CONSIDER THE USG PROPOSAL HAD REACHED THE DECISION THAT AN EXEMPTION TO THE NON-ISSUANCE OF IMPORT LICENSE FOR U.S. APPLES AND PEARS COULD NOT BE GRANTED. THE AMBASSADOR TOLD THE SECRETARY GENERAL THAT THIS NEGATIVE DECISION WAS A GREAT DISAPPOINTMENT TO HIM. HE ALSO TOLD THE SECRETARY GENERAL THAT HE WAS GREATLY CONCERNED ABOUT THE CONSEQUENCES WHICH THE DECISION WOULD HAVE IN WASHINGTON.

3. EMBASSY OFFICER CALLED ON DEPUTY CHIEF OF TRADE POLICY DIVISION, CLODOALDO HUGUENEY, TO DISCUSS BACKGROUND TO DECISION. HUGUENEY EXPANDED ON THE ARGUMENTS MADE BY THE SECRETARY GENERAL DURING AMBASSADOR'S SEPTEMBER 13 REPRESENTATION, NAMELY THE LARGE TRADE SURPLUS WITH HUNGARY AND LAFTA COUNTRIES' EXPLOITATION OF THEIR FAVORED POSITION. THE GOB TAKES THE VIEW THAT THE EXEMPTION TO THE NON-ISSUANCE OF AN IMPORT LICENSE FOR HUNGARIAN APPLES WAS JUSTIFIED BECAUSE OF THE LARGE TRADE SURPLUS WITH HUNGARY. HUGUENEY SAID THAT THE EXEMPTIONS WHICH CACEX COULD GRANT UNDER DECREE 543 WOULD NOT ALLOW "THE USE OF THE SAME PRINCIPLE" FOR A TRADE SURPLUS AND TRADE DEFICIT COUNTRY, I.E., EXEMPTION WAS GRANTED TO HUNGARY AS A TOKEN IN HOPES OF EXPANDING EXPORTS TO HUNGARY AND THEREBY IMPROVING THE OVERALL BALANCE OF PAYMENTS.

4. HUGUENEY THEN GAVE WHAT APPEARS TO BE THE MAJOR OBSTACLE FOR THE GOB IN GRANTING AN EXEMPTION TO THE US, NAMELY, THAT IT WOULD SET A PRECEDENT. THE GOB IS CLEARLY CONCERNED THAT IT WOULD FIND IT DIFFICULT, IF NOT IMPOSSIBLE, THEN NOT TO GRANT EXEMPTIONS TO ALL COMERS, E.E., THE EUROPEAN COMMUNITY.

5. EMBOFF STRESSED THE GREAT DISAPPOINTMENT AMONG WASHINGTON AGENCIES AND THE FRUIT INDUSTRY. HE INQUIRED WHETHER THE DRIED FRUIT PROPOSALS HAD ALSO BEEN REJECTED. HUGUENEY REPLIED THAT THERE HAD NEVER BEEN A CHANCE FOR A LICENSE FOR THOSE FRUITS SINCE THE USG COULD NOT EVEN CLAIM DISCRIMINATION LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRASIL 08271 01 OF 02 251220Z

THERE. HUGUENEY VOLUNTEERED THAT THE FOREIGN MINISTRY HAD BEEN IN TOUCH WITH THE GOB'S MISSION IN GENEVA REGARDING ARTICLES 13 AND 14 OF THE GATT. HE SAID THAT WHILE 14 B WOULD APPEAR TO PROVIDE GROUNDS FOR AN EXCEPTION TO THE RULE OF NON-DISCRIMINATION HE WAS FULLY AWARE THAT ANY DECISION WOULD REQUIRE THE ATTENTION OF THE COUNCIL. HUGUENEY ALLOWED THAT THE US MAY HAVE A STRONG POSITION IN THE GATT ON THIS ISSUE.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BRASIL 08271 02 OF 02 251224Z

44

ACTION AGR-08

INFO OCT-01 ARA-06 IO-13 ISO-00 AGRE-00 SSO-00 NSCE-00

USIE-00 INRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-07

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01 TRSE-00

PRS-01 SP-02 OMB-01 /096 W

----- 001344

O R 251125Z SEP 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 7989

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 2 OF 2 BRASILIA 8271

6. ON SEVERAL OCCASIONS EMBOFF TRIED TO DETERMINE WHETHER EXEMPTIONS TO ANY OTHER COUNTRIES MIGHT BE GRANTED FOR FRUITS. WHILE HUGUENEY DID NOT RULE THIS OUT, HE STATED THAT HE KNEW OF NO OTHER PENDING REQUEST FOR EXEMPTIONS. WHEN EMBOFF INQUIRED SPECIFICALLY ABOUT PEARS, HUGUENEY AGAIN DID NOT RULE OUT THIS POSSIBILITY. EMBOFF SPECULATED THAT SHOULD ANY EXEMPTIONS BE GRANTED AFTER THE USG REQUEST WAS REJECTED, AND PARTICULARLY FOR PEARS WHICH WERE TO BE THE PREDOMINANT SHARE OF OUR PROPOSED QUOTA, HE BELIEVED THE REACTION WOULD BE PARTICULARLY SEVERE, IN VIEW OF THE CONCERNS ALREADY EXPRESSED BY THE INDUSTRY AND THE US. GUGUENEY SAID THAT ANY 301 ACTION BY THE US WOULD OF COURSE INVITE RETALIATION FROM THE GOB, AN ECHO OF A GENERAL POINT MADE BY HIS SUPERIOR, MINISTER ROUANET, AT THE US-BRAZILIAN SUBGROUP ON TRADE MEETING ON SEPTEMBER 3.

7. HUGUENEY, SHARED WITH EMBOFF THE PROBLEM BRAZIL IS HAVING

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 08271 02 OF 02 251224Z

WITH ARGENTINA IN "FIXING THE PRICE" ON FRUIT EXPORTS TO
BRAZIL. COMMENT: APPARENTLY THIS IS A REAL
PROBLEM, AND RAISES THE POSSIBILITY THAT BRAZIL
MIGHT GRANT AN EXEMPTION TO ANOTHER COUNTRY.
END COMMENT. EMBOFF WARNED HUGUENEY
THAT IF A LICENSE WERE GRANTED TO ANY ADDITIONAL COUNTRY --
REGARDLESS OF TRADE BALANCE -- THE US WOULD HAVE EVEN MORE
DIFFICULTY WITH SUCH AN ACTION.

8. RECOMMENDATION: IN VIEW OF FRUIT EXPORTS HAVING BEEN
RAISED AT THE SUB-GROUP ON TRADE ON SEPTEMBER 3 AND AT THE
HIGHEST LEVEL IN THE FOREIGN MINISTRY OF SEPTEMBER 13, EMBASSY
RECOMMENDS THAT THE ISSUE BE BROUGHT BEFORE GATT UNDER
ARTICLE 13. THE POSSIBLE CONSEQUENCES (301 ACTION AND DEPRESSANT
EFFECT ON MTN CONCESSIONS BEING THE OTHER TWO) OF A
NEGATIVE GOB DECISION HAS BEEN REPEATEDLY BROUGHT TO THE
GOB'S ATTENTION; CREDIBILITY ALONE SUGGESTS THAT THE
USG PURSUE THIS MATTER.
CRIMMINS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FRUIT, TRADE BALANCE, AGRICULTURAL PRODUCTION, EXPORT QUOTAS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BRASIL08271
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760362-1277
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760920/aaaaarek.tel
Line Count: 194
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 BRASILIA 8072, 76 BRASILIA 7930
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by greeneet>; APPROVED <09 SEP 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOB NEGATIVE DECISION ON US FRUIT EXPORTS TO BRAZIL
TAGS: ETRD, EPAP, BR, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006